



SAINT JOHN

**Title: Affordable Housing Soft Costs Grant Program Policy**

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Common Clerk's Annotation for Official Record

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I certify that this Policy (Statement) was adopted by Common Council as indicated above.

\_\_\_\_\_  
Common Clerk

May 1, 2024  
Date

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# Affordable Housing Soft Costs Grant Program Policy

## 1. Policy Statement

- 1.1 The Affordable Housing Soft Costs Grant Program, “Soft Costs Program,” will incentivize the construction of deeply affordable housing by helping grow the share of housing stock in the city that is owned and maintained by registered non-profit organizations. Grants will be offered to assist with pre-construction project costs and will provide the non-profit applicants with greater opportunities to take advantage of available provincial and federal funding programs for housing.

## 2. Program Background

The Affordable Housing Soft Costs Grant Program, “Soft Costs Program,” is intended to increase the supply of affordable housing units by funding developers during the pre-construction stage of a project. The City recognizes that affordable housing developers often are required to incur expenses during the preliminary stage of a project as part of submission of a proposal for provincial and/or federal funding programs. A soft costs program has the potential to impact the work of local developers seeking to create affordable units at this critical funding stage. The program may also leverage other early phase development programs such as Regional Development Corporation’s [Pre-construction Fund](#) and CMHC’s [Seed Funding Program](#).

## 3. Program Evaluation

- a) The Soft Costs Program will be monitored and reported upon annually. At the end of the HAF period, program results will be publicly reported, as captured through an outcomes report required from all funding recipients. The following metrics will be used to evaluate the outcomes of the program:
  - Total number of applications/organizations supported
  - Total number of affordable housing units financially supported, permitted, and under construction
  - Total number of project costs leveraged, by year, through soft costs support

## 4. Definitions

“**Affordable housing unit**” is defined by the Province of New Brunswick’s Social Development Department (SD) through its Affordable Housing Rental Program and/or Canada Mortgage and Housing Corporation (CMHC). CMHC programs range in depth of affordability. In the case of CMHC’s Rapid Housing Initiative, affordable housing unit means a unit that provides a minimum depth of affordability where tenants pay no more than 30% of their before-tax income on housing costs and the unit remains affordable for a

minimum of 20 years. Affordable unit must meet, at minimum, the definition of CMHC's Co-Investment Fund, where affordable housing unit means a unit that must be less than 80% of the Median Market Rent and be maintained for a minimum of 20 years.

**"CMHC/Federal Funding Programs"** means the suite of funding offered by Canada Mortgage and Housing Corporation which includes but is not limited to the National Housing Co-Investment Fund and Rapid Housing Initiative.

**"Commissioner of Growth and Community Services"** means the Commissioner of the Growth and Community Services Department responsible for the oversight of this policy, or his/her designate.

**"Non-profit developer"** means a corporation involved in the creation of affordable housing no part of the income of which is payable to or otherwise available for the personal benefit of any proprietor, member, or shareholder thereof.

**"Soft costs"** means project costs incurred directly in connection with the design and planning of a proposed project prior to the commencement of construction.

## 5. Goals

The Soft Costs Program is designed to achieve the following outcomes:

- Providing pre-construction funding to non-profit developers who are preparing a funding submission to the provincial/federal government for the creation of affordable housing units;
- Providing timely and relevant financial support to developers seeking to increase the supply of affordable housing, with an emphasis on non-profit housing developers;
- Fulfilling the Affordable Housing Action Plan's principle of promoting public investment for public benefit;
- Supporting housing projects in providing long-term affordable housing options; and,
- Addressing the following gaps in the local housing continuum identified in the Affordable Housing Action Plan: Supportive/special needs housing, housing to the most vulnerable households, and affordable rental housing.

## 6. Soft Costs Grant Overview

### 6.1 Grant Description

- a) The Soft Costs Program provides 15% of the soft costs prior to construction up to a maximum of \$25,000 to support the development of eligible affordable housing projects.
- b) Where an applicant has been unsuccessful in obtaining provincial or federal pre-construction funding and subject to written approval by the Commissioner, the Soft Costs Program provides up to 70% of the soft costs prior to construction up to a maximum of \$10,000 to support the development of eligible affordable housing projects.

## 6.2 Intake Period

- a) Grant applications will be received throughout the year and reviewed by the Grant Committee quarterly (March, June, September, December), or through a Grant Committee meeting scheduled at the discretion of the Commissioner of Growth and Community Services, based on the volume of applications received.
- b) Grant intake may pause or cease to occur at the discretion of the Commissioner of Growth and Community Services, based on available funds.

## 6.3 Eligible Expenditures

The following expenditures are eligible under the Soft Costs Program:

- a) Consultant fees for professional engineering, architectural, or accounting services including the preparation of drawings, designs, site surveys, environmental site assessments and geotechnical reports, energy and accessibility modeling studies and project viability studies.
- b) Building permit fees and other related pre-construction fees.
- c) No other costs will be considered unless approved explicitly in writing by the Commissioner of Growth and Community Services
- d) Expenditures incurred prior to January 2, 2024 will not be considered eligible, unless otherwise approved in writing by the Commissioner of Growth and Community Services.

## 6.4 Disbursement of Grant Funds

Grants will be disbursed to successful applicants upon the following:

- a) The Grant Committee issuing an approval letter to the applicant confirming their decision; and,
- b) The Funding Recipient signing an Affordable Housing Soft Costs Grant Program Fund - Terms and Conditions of Funding Form "Schedule A."

## 7. Project Eligibility Requirements

To be eligible for consideration, grant applications must meet the following requirements:

- a) The applicant must submit a complete application form that includes all required information. The Grant Committee reserves the right to determine whether the application is complete or incomplete.
- b) At least 50% of the proposed development must consist of affordable housing units.
- c) The applicant must be the registered owner, acting on behalf of the registered owner with written permission, or provide proof of an option agreement or purchase and sale agreement of the property.

- d) The applicant must be a registered non-profit organization, unless otherwise approved by the Commissioner of Growth and Community Services.
- e) The project must propose the creation of a minimum of 5 net new affordable housing units.
- f) Eligible projects must propose one of the following:
  - i. New construction
  - ii. Conversion of an existing commercial or institutional use
  - iii. Rehabilitation of a residential building that will result in net new housing units
- g) Eligible project types include the following:
  - i. Community and affordable housing
  - ii. Mixed-housing (market / affordable rental units)
  - iii. Transitional or supportive housing
- h) The project must be located within the City's Primary Development Area, as defined by the Municipal Plan and be in conformity with the Municipal Plan.
- i) The project must have received or have an application in the queue for all required planning approvals with a positive staff recommendation.
- j) The applicant or their affiliate must be in good standing with the City in terms of any other existing agreements, notices to comply, By-law violations, property taxes, or overdue fees or charges.

## 8. Grant Evaluation Criteria

### 8.1 Grant Committee

- a) Applications will be reviewed and awarded by a Grant Committee appointed by the Commissioner of Growth and Community Services.
- b) The Committee may request additional documentation from the applicant to support their application, including financial statements of the organization, correspondence from other funding partners, and quotes or invoices.

### 8.2 Evaluation Criteria

Applications will be reviewed and prioritized by the Grant Committee in accordance with the following criteria. Applications can score up to a maximum of 50 points:

- a) The applicant is a non-profit developer with a demonstrated track record in building and managing affordable housing with financial statements demonstrating the stability of the organization (10 points);
- b) The extent to which the project will address the following critical housing gaps identified by the City's Housing Needs Assessment: supportive/special needs housing and housing for the most

- vulnerable households (10 points);
- c) The quality of submission in terms of project readiness, timelines for funding submissions, and anticipated construction dates (10 points);
- d) Alignment of the project with City plans, by-laws and strategies such as the Municipal Plan, Affordable Housing Action Plan, HAF Action Plan, Zoning (5 points)
- e) The project is undertaken on land that has already received appropriate planning approvals (5 points);
- f) The City is able to confirm the applicant has entered into an application process with Canada Mortgage Housing Corporation or NB Housing to support the development (5 points);
- g) The City is able to confirm the applicant has entered into an application process to seek other pre-construction funding through other sources such as the Regional Development Corporation and Canada Mortgage Housing Corporation (5 points);
- h) Consideration will also be given to ensuring equitable distribution of soft costs grants on an annual basis.

## 9. Outcomes Report

9.1 Funding recipients will be required to submit an outcomes report outlining how the funds were used. These reports will be made publicly available.

9.2 The City reserves the right to request additional information or explanation of such reports.

9.3 The funding recipient shall be liable to reimburse the entirety of the amount paid under the following conditions:

- a. If the funding recipient utilizes the funding for purposes other than that which is contemplated in their application without written consent of the City; and,
- b. If the outcomes report to evaluate use of the funding is not delivered to the City by the date specified in the Terms and Conditions of Funding without written consent of the City.